

COVER SHEET

0 0 0 0 0 1 1 3 1 5 6

STI EDUCATION SERVICES
GROUP, INC.

(Company's Full Name)

STI ACADEMIC CENTER
ORTIGAS - CAINTA, ORTIGAS AVENUE
EXTENSION, CAINTA RIZAL 1900

(Business Address : No. Street City / Town / Province)

ARSENIO C. CABRERA, JR.

Contact Person

(6 3 2) 8 8 1 2 1 7 8 4

Company Telephone Number

0 6

3 0

Fiscal Year

SEC FORM 17-C

FORM TYPE

1st Thursday of November

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stocholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Item 9. Other Events

On 3 April 2024, STI Education Services Group, Inc. (the "Corporation" or the "Issuer") delivered to China Banking Corporation through its Trust and Asset Management Group, in its capacity as trustee (the "Trustee") for the Issuer's 6.3756% p.a. Series 10Y Bonds due 2027 (the "Bonds"), a consent solicitation statement (the "Consent Solicitation Statement") and a consent form attached to the Consent Solicitation Statement (the "Consent Form") in connection with the consent solicitation for the Proposed Amendments (as defined and described below) to the Trust Agreement dated 10 March 2017 (the "Trust Agreement"), as amended by the Supplemental Trust Agreement dated 19 August 2020 (the "First Supplemental Trust Agreement") (collectively, the Trust Agreement and the First Supplemental Trust Agreement shall be referred to as the "Amended Trust Agreement") governing the Bonds.

Pursuant to the Consent Solicitation Statement, the Corporation seeks the consent of the holders of the Bonds as of the record date (the "Record Bondholders") to certain amendments to the Amended Trust Agreement, as summarized below (collectively, the "Proposed Amendments"). The record date for determining the Record Bondholders is 1 April 2024.

The Proposed Amendments seek to amend the Amended Trust Agreement, between the Issuer and the Trustee, by: (a) replacing the financial covenant on Debt Service Coverage Ratio of not less than 1.05:1 with Interest Coverage Ratio of not less than 3.00:1; and (b) amending the definition of EBITDA.

In relation to the Proposed Amendments, the Issuer seeks to modify Section 7.01(k) of the Amended Trust Agreement as follows:

Section 7.01 Affirmative Covenants of the Issuer

The Issuer hereby covenants and agrees that, for as long as the Bonds or any portion thereof remain outstanding, the Issuer shall:

xxx

(k) maintain and observe the following financial ratios:

- (i) **an Interest Coverage Ratio of not less than 3.00:1; and**
- (ii) a maximum Debt-to-Equity Ratio of 1.5:1.

For purposes of this Section 7.01(k):

- (iii) the term "**Interest Coverage Ratio**" means (a) the Issuer's EBITDA utilizing the Issuer's audited or unaudited, as the case may be, consolidated financial statements for the immediately preceding twelve (12) months, divided by (b) **the interest due for the next twelve (12) months.**

- (iv) the term "EBITDA" shall mean the net income of the Issuer based on the consolidated financial statements for the immediately preceding twelve (12) months for that relevant period after adding back (a) depreciation and amortization, (b) interest and other financial expenses, (c) income tax, and adding back or deducting, as applicable (d) all other items as enumerated in the EBITDA computation shown in the quarterly and annual consolidated financial statements of the Issuer, each item determined in accordance with PFRS.

The Proposed Amendment on the use of the Interest Coverage Ratio will better reflect the financial capability of the Issuer to service the interest payments on the Bonds and other loans as they fall due and shall also provide the Issuer with operational flexibility.

The Proposed Amendment on the definition of EBITDA will better gauge the core profitability of the Issuer and the cash income generated by the Issuer year on year.

The Proposed Amendments shall not alter the interest rate or maturity date of the Bonds, the Issuer's obligation to make principal and interest payments on the Bonds, or the substantive effect of any other covenant or provision of the Bonds.

Pursuant to the Amended Trust Agreement, the Proposed Amendments require the consent of Record Bondholders holding or representing at least fifty percent (50%) plus one peso (PHP1.00) of the aggregate principal amount of the Bonds then outstanding (the "Required Consents").

The consent solicitation period shall commence on 8 April 2024. The Record Bondholders shall be given until 3:00 p.m. of 26 April 2024 (or such earlier or later date and time as the Issuer may determine at its sole discretion) (the "Expiration Date") to deliver their respective consents to the Proposed Amendments through the proper delivery of validly executed Consent Forms and any other applicable documentary requirements to the Trustee on or before the Expiration Date. Not later than three (3) Business Days after the Trustee certifies that the Required Consents have been obtained, the Issuer and the Trustee shall enter into a supplemental agreement to further amend the Amended Trust Agreement reflecting the Proposed Amendments (the "Second Supplemental Trust Agreement").

Consenting Record Bondholders who have validly executed and properly delivered Consent Forms to the Trustee on or before the Expiration Date and duly validated by Philippine Depository & Trust Corp. ("PDTC" or the "Registrar"), shall be paid a consent fee equivalent to PHP1.25 per PHP1,000 of the principal amount of the Bonds covered by their Consent Forms (the "Consent Fee"). The Consent Fee shall be paid by the Issuer no later than three (3) Business Days after the Trustee certifies that the Required Consents have been obtained (the "Consent Payment Date").

The Second Supplemental Trust Agreement and the Proposed Amendments embodied therein shall take effect as of the Consent Payment Date.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.



STI EDUCATION SERVICES GROUP, INC.
Issuer

3 April 2024
Date

ARSENIO C. CABRERA, JR.
Corporate Secretary